



IOWA DEPARTMENT OF NATURAL RESOURCES

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For immediate release

CRUDE PRICES DROP: OIL DEMAND SLOWED DUE TO HIGHER PRICES AND WEAKENED U.S. ECONOMY

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DES MOINES – After reaching nearly \$100 per barrel on Nov.20, the Dec. 19 price of West Texas Cushing Sweet Crude Oil fell to \$90.50, down significantly, but still 43 percent higher than the December 2006 price of \$63.16 per barrel. According to the Energy Information Administration's December 2007 *Short-Term Energy Outlook*, crude oil prices are projected to fall to about \$86.00 per barrel by the end of winter.

“Conditions that tend to lower crude oil prices are certainly in play now,” said Jim Bodensteiner, a program planner with the Iowa Department of Natural Resources. “Demand for oil, particularly in the U.S., has slowed because of high prices and an economy weakened by concerns about the housing market and tightening credit conditions.”

Other factors pushing crude prices down include OPEC's increased oil production, increased refinery throughputs, and the lessening of tensions in the Middle East.

Gasoline prices and most home heating fuels are trending lower, as well. Gasoline prices in Iowa are averaging \$2.82 per gallon of 10 percent ethanol blended mid-grade gasoline in December, a six percent decrease from November's average price of \$3.01 per gallon and up 29 percent from the December 2006 price of \$2.19 price per gallon of the same blend.

The Dec. 17 average price for diesel in Iowa was \$3.34 per gallon, \$0.06 lower than November's price and up 26 percent from the December 2006 price of \$2.65 price. Nationally, diesel fuel costs \$3.31 per gallon, \$0.70 higher than last year at this time.

On Dec. 17, natural gas was trading at \$7.22/MMBtu, down \$1.00/MMBtu from last month and \$0.78 higher than one year ago, a 12 percent increase. Natural gas in storage was 3,440 Bcf as of Nov. 30, 273 Bcf above the five-year average.

A survey completed by the Iowa DNR on Dec. 17, 2007, indicated that the average retail price of heating oil in Iowa was \$3.00 per gallon, \$0.08 lower than last month, and \$0.70 higher than the price of heating oil at this time last year, a 30 percent increase. The same survey found that propane is selling in Iowa for an average of \$1.92 per gallon across the state, \$0.02 higher than a month ago, and \$0.45 higher than the price at this time last year, a 31 percent increase.

Approximately 69 percent of Iowa homes are heated by natural gas, 12 percent by propane, 11 percent by electricity, five percent by heating oil, and three percent by other fuels, e.g., wood.

To limit the impact of high energy prices on their wallets, consumers should improve energy efficiency in their homes and vehicles. Simply caulking and weather-stripping to eliminate air leaks can save 10 percent on a typical home's energy bill. More tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	12/17/07	11/19/07	Difference
Ames	\$2.83	\$3.01	-\$0.18
Cedar Rapids	\$2.75	\$3.00	-\$0.25
Council Bluffs	\$2.80	\$2.94	-\$0.14
Davenport	\$2.76	\$2.99	-\$0.23
Des Moines	\$2.74	\$2.94	-\$0.20
Dubuque	\$2.86	\$3.01	-\$0.15
Fort Dodge	\$2.79	\$2.99	-\$0.20
Iowa City	\$2.88	\$3.11	-\$0.23
Sioux City	\$2.84	\$3.01	-\$0.17
Waterloo	\$2.85	\$3.05	-\$0.20
Webster City	\$2.90	\$3.04	-\$0.14
Average Metro Price	\$2.82	\$3.01	-\$0.19

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	12/17/07	11/19/07	Difference
Regular Unleaded with 10% Ethanol	\$2.82	\$3.01	-\$0.19
Regular Unleaded	\$2.89	\$3.09	-\$0.20
Premium Unleaded	\$3.08	\$3.14	-\$0.06
Diesel	\$3.34	\$3.40	-\$0.06

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	12/17/07	11/19/07	Difference
Natural Gas	7.22/MMbtu	8.22/MMbtu	-\$1.00/MMbtu
Propane	\$1.92	\$1.90	+\$0.02
#2 Heating Oil	\$3.00	\$3.08	-\$0.08

Sources: Wall Street Journal, Iowa Department of Natural Resources